

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 750**

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**Introduced by Assembly Member Hueso**

February 17, 2011

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~~An act to amend Section 42872 of the Public Resources Code, relating to solid waste. An act to add and repeal Division 5 (commencing with Section 64160) of Title 6.7 of the Government Code, relating to finance.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 750, as amended, Hueso. ~~Solid waste: waste tires.~~ *Finance: investment trust blue ribbon task force.*

*The California Constitution provides for the election by the people of the Treasurer and the Controller. Existing law requires the Treasurer to receive and keep in the vaults of the treasury or to deposit in banks or credit unions all moneys belonging to the state, as specified. Existing law requires the Controller to superintend the fiscal concerns of the state. Existing law requires the Controller to audit all claims against the state, and authorizes the Controller to audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.*

*This bill would establish the investment trust blue ribbon task force to consider the viability of establishing the California Investment Trust, which would be a state bank receiving deposits of all state funds. The trust would support economic development, provide financing for housing development, public works and educational infrastructure, provide stability to the financial sector, provide state government banking services, lend capital to specified financial institutions, and provide for excess earnings of the trust to be used for state General*

*Fund purposes. The bill would establish the membership of the task force, which would include designated Members of the Legislature and designees of the Governor, Controller, and Treasurer, and would require the expenses of the task force to be paid by the Senate and Assembly. The bill would require the task force to report to the Legislature by December 1, 2012, on its finding and recommendations relating to the viability of establishing the California Investment Trust, as specified.*

~~The California Tire Recycling Act imposes a California tire fee on a new tire purchased in the state. The revenue generated from the fee is used, upon appropriation by the Legislature, for the purposes of programs related to waste tires. The act requires the Department of Resources Recycling and Recovery to administer a tire recycling program that promotes and develops alternatives to the landfill disposal of used whole tires. A tire recycling program may include, among other things, the awarding of grants or loans to businesses that shred used tires for recycling, and the development of information and education programs aimed at promoting alternatives to the landfill disposal of used whole tires.~~

~~This bill would make technical, nonsubstantive changes in that provision relating to a tire recycling program:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Division 5 (commencing with Section 64160) is  
 2     added to Title 6.7 of the Government Code, to read:

3  
 4             DIVISION 5. INVESTMENT TRUST BLUE RIBBON TASK  
 5                                     FORCE

6  
 7     64160. (a) There is hereby established the investment trust  
 8     blue ribbon task force.

9     (b) The task force shall be composed of the following members:

10    (1) The Senate Committee on Rules shall appoint one member  
 11    from each of the two largest caucuses of the Senate.

12    (2) The Speaker of the Assembly shall appoint one member from  
 13    each of the two largest caucuses of the Assembly.

14    (3) The Senate Committee on Rules and the Speaker of the  
 15    Assembly, jointly, shall appoint members representing a small

1 *sized state-chartered bank, a medium sized state-chartered bank,*  
2 *a federally chartered bank, local governments, and four citizens*  
3 *with a background in financial issues.*

4 *(4) The Controller, Treasurer, and Governor shall each appoint*  
5 *designees who shall be members of the task force.*

6 *(c) The task force shall choose its chair from among its*  
7 *membership. The legislative members of the task force shall*  
8 *convene the initial meeting of the task force on or before February*  
9 *1, 2012.*

10 *(d) The purpose of the task force shall be to consider the viability*  
11 *of establishing the California Investment Trust, which would be a*  
12 *state bank receiving deposits of all state funds, and to report to*  
13 *the Legislature pursuant to Section 64161. The California*  
14 *Investment Trust would do all of the following:*

15 *(1) Support the economic development of California by*  
16 *increasing access to capital for businesses and farms in the state.*

17 *(2) Provide financing for housing development, public works*  
18 *infrastructure, educational infrastructure, student loans, and*  
19 *community quality of life projects.*

20 *(3) Provide stability to the local financial sector.*

21 *(4) Reduce the cost paid by state government for banking*  
22 *services.*

23 *(5) Lend capital to banks, credit unions, and nonprofit*  
24 *community development financial institutions to assist in meeting*  
25 *their goals of increasing access to capital and providing banking*  
26 *services.*

27 *(6) Provide for any earnings of the trust, beyond those necessary*  
28 *for continued operation of the trust, to be used for General Fund*  
29 *purposes.*

30 *(e) The task force may employ staff support. All expenses of the*  
31 *task force shall be paid by the Senate and Assembly, jointly, and*  
32 *expenditures of the task force shall be subject to approval of the*  
33 *Senate Committee on Rules and the Assembly Committee on Rules.*

34 *(f) The task force may consult with individuals from the public*  
35 *and private sector and establish an advisory committee to assist*  
36 *the task force in creating the report required under Section 64161.*  
37 *If the task force establishes an advisory committee, the members*  
38 *of the committee shall not be entitled to any expense*  
39 *reimbursement.*

1 64161. The task force shall, pursuant to Section 9795, report  
 2 to the Legislature on its findings and recommendations relating  
 3 to the viability of establishing the California Investment Trust. The  
 4 report shall be submitted by December 1, 2012, and shall review  
 5 and make recommendations on all of the following:

- 6 (a) A strategic plan that would implement the purposes of the
- 7 trust, as set forth in subdivision (c) of Section 64160.
- 8 (b) Capital requirements of the trust.
- 9 (c) Sound underwriting practices for the trust.
- 10 (d) Standards to ensure that loans from the trust result in the
- 11 outcomes described in the approved loan applications.
- 12 (e) Recommended quarterly reports by the trust.
- 13 (f) Transition of state financing functions to the trust.
- 14 (g) A timeline for depositing state moneys into the trust.
- 15 (h) Cash management and banking needs of the state.
- 16 (i) Transparency requirements for trust operations.
- 17 (j) Ethics and conflict-of-interest requirements for management
- 18 of the trust.
- 19 (k) Any additional legislation that is recommended or necessary.
- 20 (l) Initial capitalization options for the trust.

21 64162. This division shall become inoperative and is repealed  
 22 on January 1, 2017, pursuant to Section 10231.5.

23 SECTION 1. ~~Section 42872 of the Public Resources Code is~~  
 24 ~~amended to read:~~

25 ~~42872. The tire recycling program may include, but is not~~  
 26 ~~limited to, the following:~~

- 27 ~~(a) The awarding of grants, subsidies, and loans to businesses~~
- 28 ~~or other enterprises, and public entities, involved in activities and~~
- 29 ~~applications that result in reduced landfill disposal of used whole~~
- 30 ~~tires and reduced illegal disposal or stockpiling of used whole tires.~~
- 31 ~~(b) The awarding of grants for research aimed at developing~~
- 32 ~~technologies or improving current activities and applications that~~
- 33 ~~result in reduced landfill disposal of used whole tires.~~
- 34 ~~(c) The awarding of grants or loans for the evaluation, planning,~~
- 35 ~~design, improvement, and implementation of alternative used tire~~
- 36 ~~recycling programs in the state.~~
- 37 ~~(d) The awarding of grants or loans to businesses that shred~~
- 38 ~~used tires for purposes of recycling.~~

- 1     ~~(e) Development and implementation of an information and~~
- 2     ~~education program, including seminars and conferences, aimed at~~
- 3     ~~promoting alternatives to the landfill disposal of used whole tires.~~
- 4     ~~(f) The awarding of grants or loans to tire shredding programs~~
- 5     ~~at authorized landfills, solid waste transfer stations, or dedicated~~
- 6     ~~tire shredding facilities, including the direct purchase of shredders~~
- 7     ~~or financing of shredder contracts.~~

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